



EMPLOYER PERSPECTIVES ON COMPETENCY-BASED EDUCATION

Chip Franklin and Robert Lytle

Parthenon-EY

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CENTER ON HIGHER EDUCATION REFORM

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Foreword

Rising tuition prices and finite public budgets have spawned a lively policy debate about innovation in higher education. In particular, competency-based models have garnered a lot of attention from policy-makers, reformers, and funders. Unlike online college courses, which often leave the basic semesterlong structure intact, competency-based models award credit based on student learning, not time spent in class. As soon as a student can prove mastery of a particular set of competencies, he or she is free to move on to the next set. A number of institutions are currently engaged in these efforts, including Western Governors University, Excelsior College, Northern Arizona University, and the University of Wisconsin's UW Flexible Option.

The competency-based model presents opportunities for improvement on two dimensions: first, it allows students to move at their own pace, perhaps shortening the time to complete a degree, and second, competencies can provide a clearer signal of what graduates know and are able to do. Yet for all the enthusiasm that surrounds competency-based approaches, a number of fundamental questions remain: What kinds of students are likely to choose competency-based programs? How do students in these programs fare in terms of persistence, completion, and labor-market outcomes? Are these programs more affordable than traditional

degrees? What does the regulatory environment look like for competency-based providers? Do employers value the credential?

Despite increasing attention to the potential of competency-based education, researchers and policy-makers still have few answers to these questions. To provide some early insight, AEI's Center on Higher Education Reform has commissioned a series of papers that examine various aspects of competency-based education. In the second paper of the series, Chip Franklin, vice president of Parthenon-EY's Boston office, and Robert Lytle, cohead of Parthenon-EY's Education Practice, examine employers' perspectives on competency-based education, using findings from a first-of-its-kind survey of hiring managers at different firms across the country.

As always, our goal is not to come up with a verdict as to whether this innovation is good or bad, but to provide a look under the hood that is valuable to policymakers and other observers. I hope you find it useful, and stay tuned for more.

—Andrew P. Kelly
Resident Scholar in Education Policy Studies
Director, Center on Higher Education Reform
American Enterprise Institute

Executive Summary

Excitement is growing about the potential for competency-based education (CBE) to become a transformative force in higher education. Yet while much of the attention paid to ever-expanding CBE efforts focuses on student and institutional priorities, little effort has been made to understand the perspectives and needs of the employers who must hire CBE credential-bearing graduates. For CBE to achieve its full potential as a disruptive force in higher education, employers must recognize the validity of specific competencies, assigning labor-market value to the discrete skill bundles required for a targeted job opportunity. Only then can the value proposition of competency-based education be complete.

Our research into employer perspectives on CBE, using a first-of-its-kind survey of nearly 500 hiring managers at different companies across the country, identifies several inherent obstacles to the expansion and acceptance of broader CBE efforts across the labor market. Some of our key findings include:

- Overall employer awareness of CBE is low, despite expanding CBE efforts and increasing efforts to engage employers.
- Hiring managers already aware of CBE had a favorable view of the model and its graduates, but these individuals constituted a small minority.

- Employers' lack of awareness seems to correlate with a lack of understanding of the potential benefits to employers of hiring students educated through CBE programs.
- Employers remain generally unable to articulate discrete needs as competencies; they rely instead on hiring generalizations grounded in the traditional idea of "fit" that lack the specificity needed to create an effective competency map.
- Some employers believe that this generalized approach helps them hire the right people, but nearly two-thirds think that they could be doing better at identifying students with the specific skill set required for the job.

Given this lack of awareness and understanding in the marketplace, an opportunity exists for the field to engage employers more proactively as partners in CBE programs, something most hiring organizations strongly desire. Employer openness to further engagement presents a real opportunity for CBE providers to emphasize the potential impact of CBE programs not only on students, but also on the employers eager to hire them.

Employer Perspectives on Competency-Based Education

Chip Franklin and Robert Lytle

This paper is the second in a series examining competency-based higher education from a number of perspectives.

“There appear to be a lot of individuals in the job pool, but not enough with the skills we need.”

—Hiring Manager

Policymakers and higher education reform advocates have become increasingly interested in competency-based education (CBE) as a potential solution to many of the key challenges in higher education today: the escalating cost of a college degree, low completion rates, and graduates’ apparent lack of career-ready skills. The CBE approach is intuitively appealing; rather than forcing students to sit through 16-week semesters to earn credit, CBE programs award credit once students can prove they have mastered a particular competency or set of competencies. In theory, this allows students to move at their own pace and provides a clear demonstration of what they have actually learned. Indeed, much of the conversation to date around ever-expanding CBE efforts has focused more on the benefits for students and institutions and less on the perceptions of employers.

For CBE to achieve its full potential as a disruptive force in higher education, employers must recognize the validity of both the specific competencies and the overarching credentials that CBE degree programs produce. This is true across the range of attempts to unbundle the traditional degree, including CBE and a host of other alternative credentials (for example, badging, nanodegrees, and employer-sponsored online credentials): employer acceptance is the key to completing the student value proposition. Yet, while enthusiasm around CBE has grown in institutions, states, and Washington, DC, we know less about how employers view this new approach to awarding credit.

In this paper, we work to fill that void, shedding some light on how employers perceive CBE, what they know about it, and what they see as the opportunities for collaboration with CBE providers. To do so, we use a first-of-its-kind survey of nearly 500 hiring managers at different companies across the United States. Analyzing data from these respondents, we found low levels of awareness among hiring managers regarding the CBE approach and its unique value proposition. Not surprisingly, this lack of awareness seems to correlate with a lack of understanding of the potential benefits to employers of hiring students educated through CBE programs. Hiring managers already aware of CBE had a favorable view of the model and its graduates, but these individuals constituted a small minority. While CBE could fundamentally change higher education, this low awareness among employers may create significant barriers to broader adoption and effective scaling of CBE programs.

Employers rooted in traditional hiring approaches tend to focus on the associate or bachelor’s degree as a marker of general skills. We find that these employers express significant misgivings that targeted skill-building approaches may come at the expense of the more general skills they value. Building employer confidence in the ability of CBE credential holders to deliver on both specific technical skills and general skills such as communication and problem solving remains a crucial gap in the ongoing evolution of CBE.

Given this lack of awareness and understanding in the marketplace, we believe that an opportunity exists for the field to engage employers more proactively as partners in CBE programs. Specifically, employers working more directly with CBE providers can offer

the labor-market inputs needed to design, define, and assess competencies effectively, providing the links to career opportunities that are crucial to delivering a positive return on investment to students completing CBE programs. Although many CBE programs pursue such objectives, the general lack of awareness among hiring managers in our survey highlights the opportunity to broaden employer-focused outreach efforts.

Following an overview of our survey and data collection, this report is divided into two sections. The first section provides an overview of employers' knowledge and attitudes toward CBE. We find that employers are largely unfamiliar with the terminology and programmatic offerings associated with CBE. If anything, employers are aware of only the most prevalent CBE student-focused marketing messages centered on affordability and time to degree. However, once explained, the underlying concepts and potential benefits of CBE resonate clearly, signaling a path to future awareness and acceptance if CBE programs can broaden marketing messages to include important employer stakeholders.

The second section examines hiring practices across a diverse array of industries and identifies opportunities to improve the human capital pipeline by leveraging CBE. We begin by arguing that employers traditionally approach hiring decisions from a generalist perspective, focusing on an applicant's general skill set and overall fit within a company rather than the targeted skills required for a specific job opportunity. Although some employers believe that this generalized approach helps them hire the right people, nearly two-thirds think that they could be doing better at identifying students with the skill set required for the specific job.

The second section concludes by arguing that CBE programs can continue to increase their relevance by partnering with employers (something most hiring organizations strongly desire) to articulate more clearly the targeted competencies needed for specific jobs. Collaboration between academia and the labor market has the potential to educate employers more effectively about the potential benefits of CBE programs—in particular, the cultivation of applicants with both general and targeted skills needed for success on the job.

Data Sources

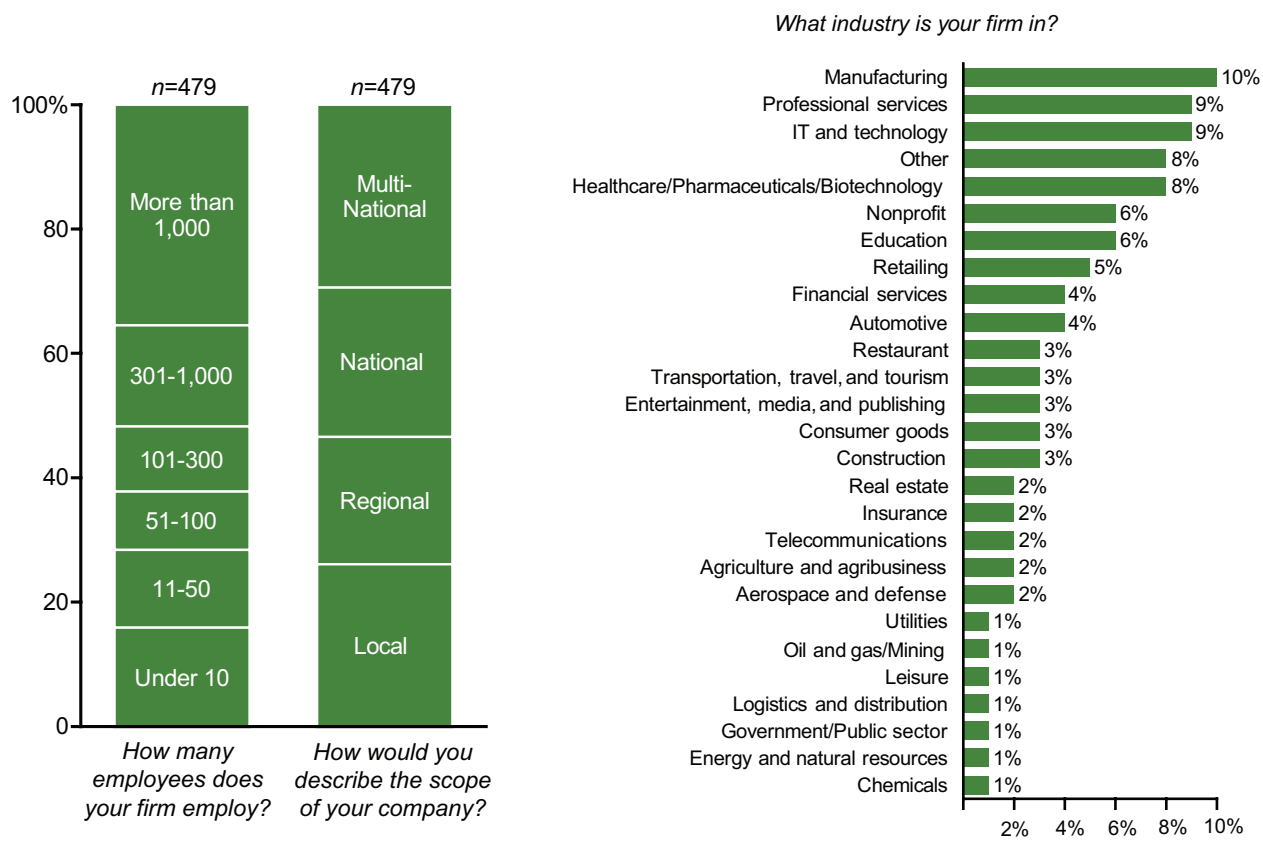
This report is based on work by the consulting firm Parthenon-EY, which deployed a survey of hiring decision makers across industries and types of companies.¹ Survey respondents are either sole hiring decision makers or members of a team of hiring decision makers for their respective organizations. To reach these nearly 500 respondents, we worked with Research Now, a market research firm, to develop a representative sample of hiring decision makers. We reached out to a wide range of respondents (figure 1), with 529 hiring managers passing through a set of screening questions, 50 of whom were then discarded for accuracy reasons.² This left us with a total of 479 hiring managers at firms that actively recruit employees from postsecondary programs.

Our sample cuts across a broad swath of industries and firm sizes, offering a comprehensive perspective on the needs of employers nationwide. Geographically, our respondents live in 43 states and are slightly more likely (5 percent) to report living in California than national averages, and slightly less likely (3 percent) to report living in Texas.³ They reported a plethora of titles, including “hiring manager” (30 percent of respondents) and “human resources manager” (13 percent), as well as a wide array of titles reflecting the diversity of employers in the sample: “general manager,” “executive VP,” “school director,” “pastor,” and “analyst.” Nearly half the respondents have direct experience hiring entry-level employees, with a smaller segment focusing on hiring senior management (48 percent and 31 percent, respectively).

Employer Understanding of Competency-Based Education

Our survey of hiring managers asked some basic questions to measure their familiarity with and perceptions of CBE programs. The results reveal two main themes. First, employers are rarely familiar with the model, despite the increased prevalence of marketing from a few larger-scale programs, particularly Western Governors University and Southern New Hampshire University. Second, despite this lack of familiarity, the opportunity for CBE programs is clear: once familiar with the model, employers are highly enthusiastic

FIGURE 1
 SIZE, SCOPE, AND INDUSTRY OF RESPONDENTS' EMPLOYERS



Source: Authors' calculations using Parthenon-EY survey of hiring managers.

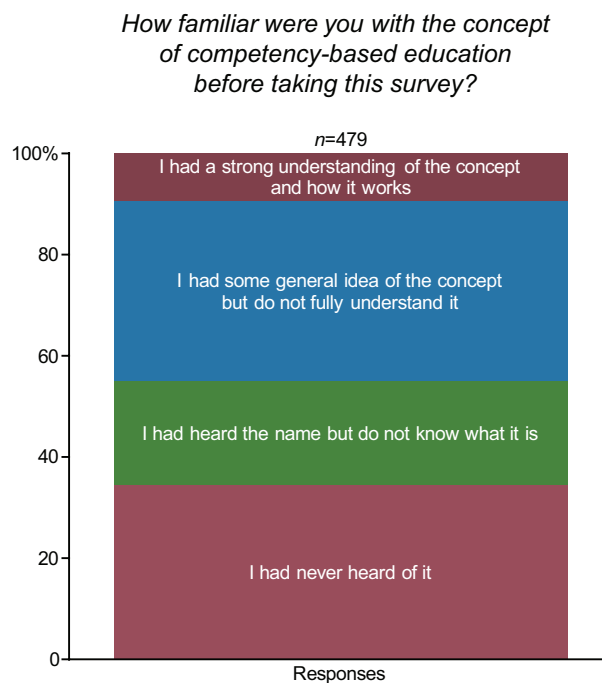
about both the model itself and its potential for yielding prospective hires.

This section explores the current perception of CBE among employers actively hiring from postsecondary programs. The first part uses our survey results to document the extent of employer familiarity with CBE as well as perspectives on the validity of the CBE approach. The second half of the section explores why these patterns might be evident, focusing on the typical marketing messages employers associate with CBE programs. If the survey results are any indication, existing programs have not yet reached a wide range of employers (a deficit we explore in more detail in the second section). As a result, student-focused marketing messages—focused on affordability and flexibility—seem to be a primary input informing employer perspectives on CBE.

Employer Awareness: Competency-Based What? As we have described, our survey unearthed both opportunities and challenges for CBE. On the one hand, employer enthusiasm for CBE programming positively correlates with awareness. That is, as employers learn more about CBE and its potential benefits to both students and employers, they become more interested in hiring CBE graduates. On the other hand, no matter the industry or job type, the vast majority of employers remain unaware of CBE.

Figure 2 highlights employers' lack of familiarity with the concept of competency-based education. Among the 479 respondents, only 45 reported having a "strong understanding of the concept." More than three times as many respondents reported that they had never heard of CBE. Meanwhile, 55 percent of respondents reported some familiarity with

FIGURE 2
**HIRING MANAGERS' FAMILIARITY WITH
 COMPETENCY-BASED EDUCATION**



Source: Authors' calculations using Parthenon-EY survey of hiring managers.

the concept but lacked a clear understanding.

This lack of familiarity with CBE remains relatively constant across industries, with few differences across occupations. But despite low awareness of CBE across the employer landscape, the underlying benefits of a CBE approach clearly resonate with hiring managers. When given a description of competency-based education, roughly one-quarter of survey respondents reported being very interested, and nearly 60 percent expressed interest in hiring CBE graduates.

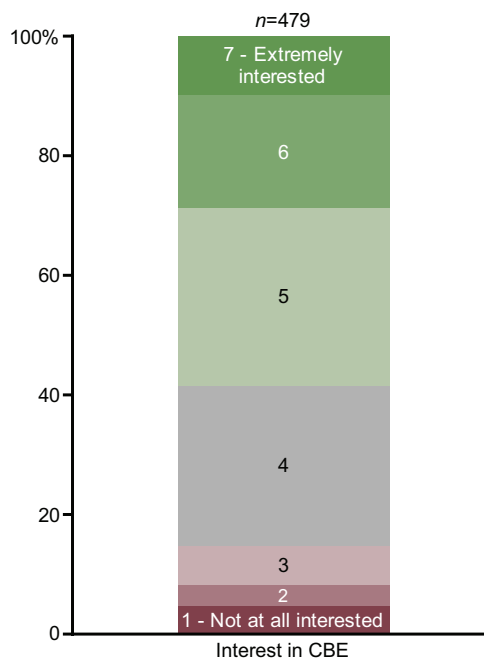
Figure 3 displays these results. (Interest was rated on a seven-point scale, with ratings of seven being “extremely” interested in hiring CBE graduates.) At the same time, only 5 percent said that they were “not at all interested” (rating of one), and only 15 percent reported a score under four. This healthy optimism surpasses awareness levels and suggests that many employers are potentially enthusiastic about CBE but simply need more information to develop preferences.

Overall awareness of CBE seems to be one of the largest drivers of interest in hiring CBE graduates and willingness to consider CBE programs as a valid source of prospective hires. Figure 4 shows that the small sample of employers with high CBE awareness (45 respondents) was significantly more likely to be enthusiastic about this type of program, in terms of both their belief in the validity of CBE as a pedagogical approach and their interest in hiring CBE graduates. Eighty-nine percent of those surveyed who were highly aware of CBE were likely to claim it a valid source of prospective hires, and 78 percent were very interested in potentially hiring CBE graduates, compared to 71 percent and 54 percent, respectively, of those who were not familiar with the program.

Underlying these levels of overall interest in CBE as a valid source of human capital is basic agreement

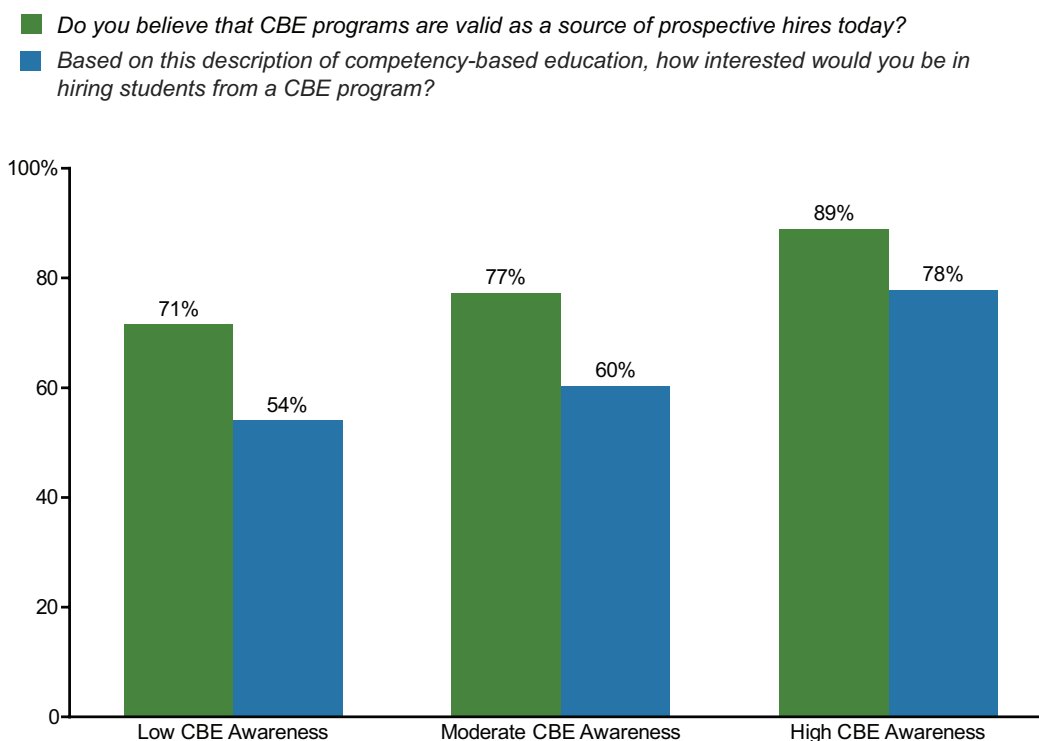
FIGURE 3
**INTEREST IN HIRING CBE GRADUATES AFTER
 HEARING A DESCRIPTION**

Based on this description of competency-based education, how interested would you be in hiring students from a CBE program?



Source: Authors' calculations using Parthenon-EY survey of hiring managers.

FIGURE 4
INTEREST IN HIRING CBE GRADUATES AFTER HEARING A DESCRIPTION



Note: The second question was scored on a scale of 1–7, with 7 meaning “extremely interested” and 1 meaning “not at all interested.” The validity (green) bar reflects “yes” responses, and the interest (blue) bar reflects respondents who answered 5, 6, or 7. Interest tends to be lower than validity on this question because respondents likely felt that CBE may be valid, but not for their program. Interestingly, this gap closed as awareness increased. $N=479$.

Source: Authors’ calculations using Parthenon-EY survey of hiring managers.

with three specific elements of the value proposition that CBE programs offer to employers. Figure 5 shows that nearly half of all survey respondents placed significant value on the ability to evaluate candidates based on specific competencies. A similar proportion valued the core CBE idea that students should earn credits and credentials through demonstrated mastery as opposed to the number of credit hours they sit through. And a majority saw value in the opportunity for deeper engagement with employers about the specific competencies included in a course of study.

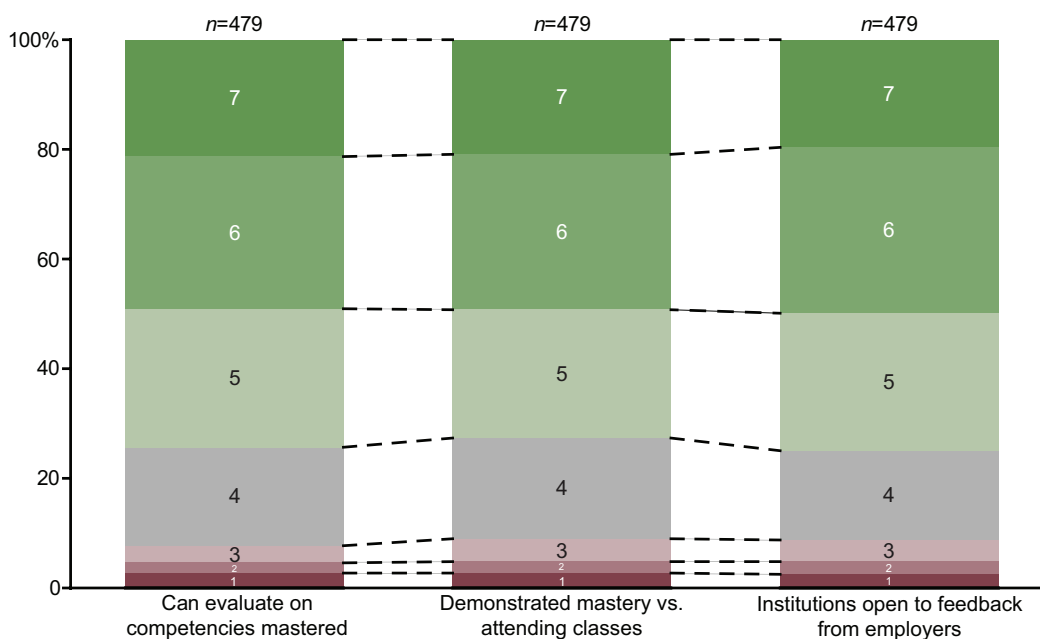
Although we discuss the importance of these specific attributes in more detail in the second section, their overall resonance among employers underscores the opportunity for institutions to engage a broad range of employers in the development and rollout of CBE programs. Additionally, the survey

On the one hand, employer enthusiasm for CBE programming is positively correlated with awareness. . . . On the other, no matter the industry or job type, the vast majority of employers remain unaware of CBE.

results largely align with the qualitative responses from employers. For instance, one respondent explained, “I find myself more and more intrigued by those that prove they’re capable of doing the job rather than those who simply brandish an education which may or may not be applicable to today’s

FIGURE 5
VALUE HIRING MANAGERS PLACE ON THREE DIMENSIONS OF CBE PROGRAMS

Please tell us how valuable the following attributes of a CBE program would be to you.



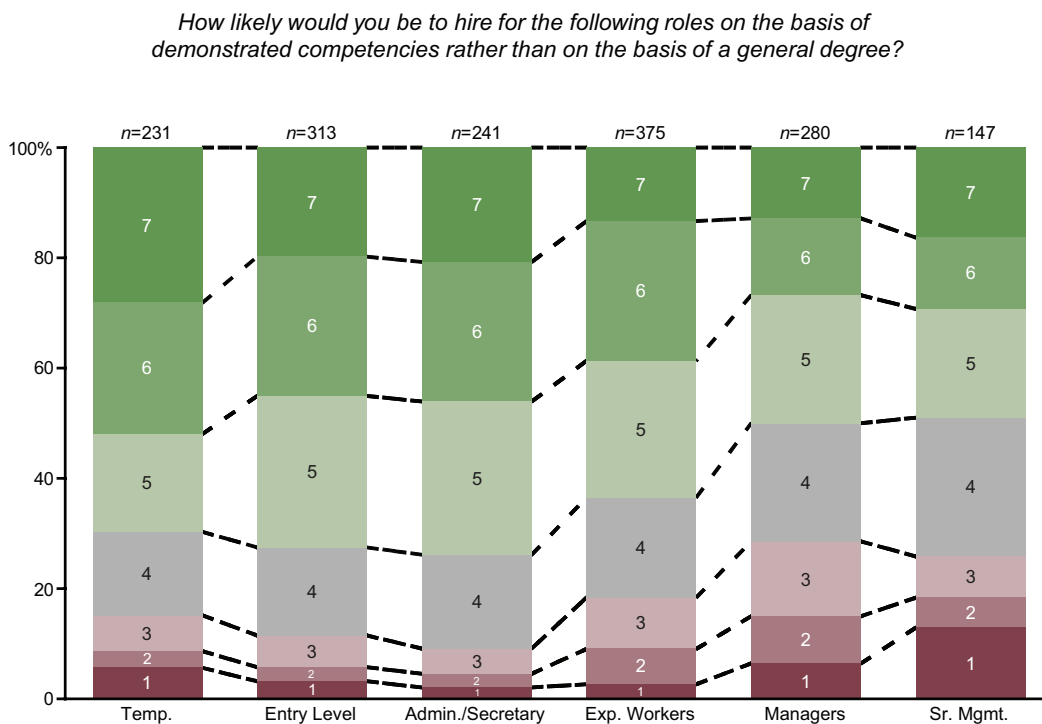
Note: Question was scored on a scale of 1–7, with 7 meaning “extremely valuable” and 1 meaning “not at all valuable.”
 Source: Authors’ calculations using Parthenon-EY survey of hiring managers.

Employers recognize that CBE—if applied correctly—could provide an informative indicator for identifying high-potential job candidates.

industry.” Although, in many cases, prior work experience (if available) or generalized skill sets (proven through traditional interviewing) are used as proxies for job-related competency, employers recognize that CBE—if applied correctly—could provide an informative indicator for identifying high-potential job candidates. As another hiring manager explained, CBE could “ensure that the curriculum is relevant to meet the needs of our institution.”

It is worth noting that clear differences emerged with respect to the different positions and roles that hiring managers are trying to fill. Figure 6 shows that as positions become more senior, recruiters became less likely to hire on the basis of demonstrated competencies. Roughly half of recruiters would be very likely to hire a temporary worker, administrative assistant, or entry-level worker on the basis of demonstrated competencies over a general degree. That proportion falls much lower (to just over one-quarter) when thinking about how to hire managers or senior management. Although many graduates of CBE programs will begin their careers in entry-level jobs, somewhat mitigating concerns raised by these responses, the continued importance recruiters place on traditional degree-based credentials merits mention. This is the status quo that CBE programs will continue to combat in establishing new credentials with labor-market value.

FIGURE 6
HIRING PREFERENCES BY POSITION



Note: Question was scored on a scale of 1–7, with 7 meaning “extremely likely” and 1 meaning “not at all likely.” Variations in *n* are due to respondent experience hiring for each role; respondents were asked their likelihood of hiring only if they had experience hiring for that role. Source: Authors’ calculations using Parthenon-EY survey of hiring managers.

These patterns may simply be due to the fact that recruiters of senior managers are less familiar with CBE. After all, levels of familiarity are low across the board. And, outside of Capella University’s competency-based Master’s in Business Administration program, it is not clear how many CBE providers are focused on management education.⁴

But recruiters focused on management positions may also have preconceived notions about the fit between CBE’s focus on instilling specific competencies and the demands on higher-level executives. Indeed, recruiters of senior management are more likely to cite that they are looking for “general skills” than recruiters of lower-level positions. As we will discuss further in the next section, there is a misperception among hiring managers that possessing a discrete skill set is somehow in direct tension with possessing general skills. As one survey respondent explained, “Training someone for a

As CBE programs have worked to attract students, marketing efforts have so far been student-centric as opposed to employer-centric.

specific job can leave gaps in their knowledge base. A broader education allows you to apply your learning in many ways.”

Implicit biases may also exist in employers’ perceptions of the quality of graduates of CBE programs. For instance, these programs have traditionally served nontraditional students with some college experience who are balancing school with work and family commitments. CBE programs have also traditionally been

“open access” in their admission standards. In the absence of more information, these facts could trigger implicit biases in the minds of hiring managers, making them less eager to hire these types of students to management positions. As one skeptical survey respondent phrased it, “I don’t know much about CBE, but from what I’ve heard it sounds like a lazy method of teaching for lazy students.”

Clarifying the Benefits of CBE to Employers: Beyond “Faster, Cheaper, More Flexible.” Clearly, some hiring managers could use information to help clarify the potential benefits of CBE to their employers. In theory, for CBE to be relevant to future employers, they have to either believe that the programs offered by a given institution are aligned with their needs or have some input in designing the curriculum. With respect to the former, we believe the perception will in large part be derived from the public marketing of these programs. (We discuss the latter in the next section.)

However, it is our impression that as CBE programs have worked to attract students, marketing efforts have so far been student-centric as opposed to employer-centric. This pattern may help explain existing low levels of awareness among hiring managers.

To get a sense of the predominant marketing messages, we evaluated the publicly available marketing materials from leading CBE programs. Naturally, student-centric marketing approaches focus on the unique value proposition CBE programs offer to students. Though CBE programs vary in their design, the diverse array of offerings share three broad characteristics: they allow for accelerated learning, boast a low overall cost because learning is accelerated, and employ an innovative approach to curriculum and pedagogy that is typically more flexible than what is offered at a traditional college. Ideally, that curriculum is also more closely aligned to specific labor-market needs than what traditional degree programs offer. These core elements are common to most existing CBE programs, and most important to employers, the marketing messages that accompany them tend to highlight these elements (figures 7 and 8).

CBE programs employ a variety of different messaging strategies targeted at different sets of stakeholders, yet a coherent student-focused message based on

these themes emerges. Programs that offer accelerated learning tend to advertise themselves as “faster.” Programs with lower costs sell themselves as a “cheaper” alternative to a traditional degree program. And those that have a different type of pedagogical approach tend to be marketed as “more flexible.” Faster, cheaper, and more flexible is a powerful message for students who are bombarded with articles and reports about the rising cost of college. This message is likely even more powerful for nontraditional students who are working to juggle school, job, and family responsibilities.

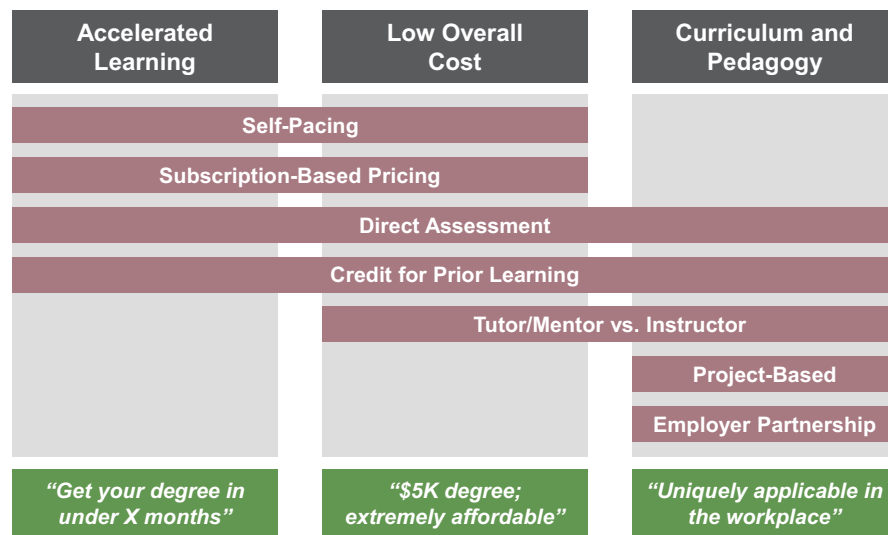
The hiring managers we surveyed were not widely aware of CBE program efforts to establish and develop connections to the labor market.

These messages are not just clever advertising. For the most part, CBE programs and advocates have rightly focused on providing (and marketing) high-quality offerings that enable students to earn their degree more quickly, more affordably, and at their own pace. But while this programmatic messaging appeals to students, it potentially turns off employers focused on sourcing high-quality applicants above all else. Although some CBE programs do make outreach to employers a priority and even highlight their employer partners, the hiring managers we surveyed were not widely aware of CBE program efforts to establish and develop connections to the labor market.

In the absence of clearer explication of the model and the potential benefits to a broader array of employers, skeptics may see some of the advantages of CBE for students—time to degree, affordability, and flexibility—as liabilities. It is easy to imagine a critic wondering whether “faster” implies fewer classes or if “flexible” is just a way to more easily give out degrees. Institutions, these skeptics might argue, must surely be cutting corners somewhere, raising questions as to whether an employer would want to hire someone from that institution. Institutional profit motive even comes into play, with one employer we surveyed reporting, “In my mind, CBE is associated with a college I am aware of

FIGURE 7
COMPETENCY-BASED EDUCATION’S VALUE PROPOSITION

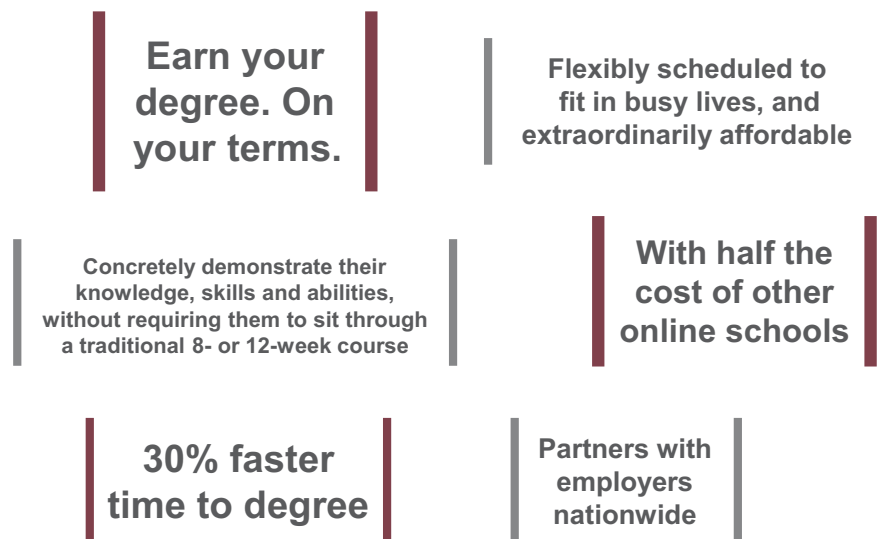
What Is a Competency-Based Education Value Proposition?
 Common value proposition themes and program elements are beginning to emerge.



Source: Authors' representation based on a Parthenon-EY scan of CBE program marketing messages.

FIGURE 8
EXAMPLES OF MARKETING MESSAGES USED BY CBE PROGRAMS

What Is a Competency-Based Education Value Proposition?
 Though marketing messages carry some common themes, they cover a remarkable range of motivations.



Source: Authors' representation based on a Parthenon-EY scan of CBE program marketing messages.

that exists for pursuing government loans for profit.”

In other words, in the absence of clear and compelling outreach targeted at employers that explains the value proposition of hiring CBE graduates, a vicious cycle might ensue: employers are wary of hiring CBE graduates based on a perceived lack of quality, leaving CBE programs unable to attract high-quality students, furthering their perception of a lack of quality.

And yet, a clear opportunity exists to clarify the value proposition. It is easy to conceive of marketing messages that resonate with employers: “CBE graduates are able to take proof of tangible skills to employers” or “CBE programs worked to develop a curriculum that teaches students what employers need.” Obviously, this work goes beyond merely cultivating a marketing message. As one respondent put it, CBE programs could work with businesses to “help mold and adjust the curriculum to match more closely the real time changes in the business environment” or incorporate “employer input on coursework that would lead to professionals with the skills to hit the ground running.” A curriculum developed with the input of employers “could deliver graduates that are better prepared for the world of work.”

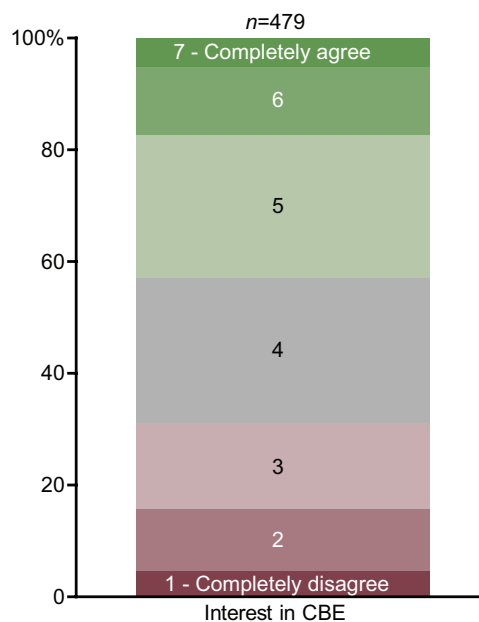
The fact that many employers are unfamiliar with a CBE curriculum is a tremendous opportunity for competency-based providers to refocus some of their messaging on the needs of employers in a way that still appeals to students. Improving messaging to employers (while continuing to appeal to students) is essential to the long-term success and survival of CBE. Employers are learning more about CBE programs, but opportunity exists to directly engage them with the structure and content of the curriculum. That means going beyond “faster, cheaper, more flexible.”

Engaging Employers

For schools to market CBE programs effectively to employers, they must first understand how employers hire today and how this dynamic could evolve in partnership with CBE programs. Throughout our survey, employers expressed an eagerness to work with institutions offering competency-based programs to articulate and develop standards that will help improve

FIGURE 9
ARE INSTITUTIONS PREPARING STUDENTS FOR THE WORKFORCE?

To what extent do you agree or disagree with the following statement?
 “Educational institutions are preparing students for the work they will be doing upon graduation.”



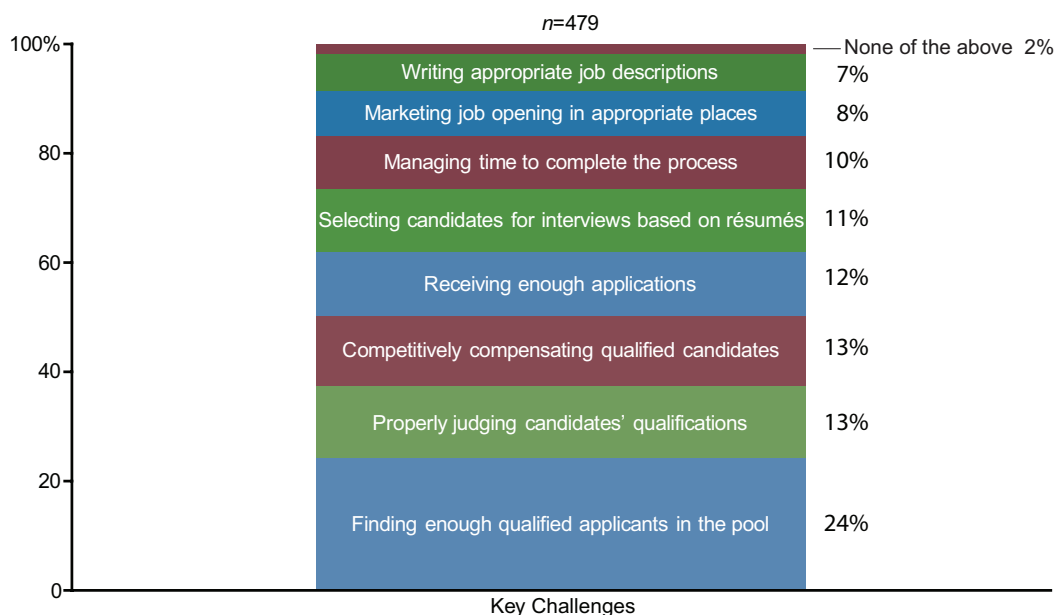
Note: Question was scored on a scale of 1–7, with 7 meaning “completely agree” and 1 meaning “completely disagree.”
 Source: Author’s calculations using Parthenon-EY survey of hiring managers.

the quality of incoming employees. To maximize the value of CBE programming for students, CBE programs must better understand how employers currently approach hiring and the strengths and weaknesses of a competency-based approach to education that an employer perceives.

Employer Hiring Needs and Perspectives: Opportunities and Challenges for CBE. According to our survey respondents, when making hiring decisions today, firms use two broad types of criteria: *fit* and *demonstrated skill sets*. Fit is largely determined through character references, cover letters, prior interests, and interviews. Demonstrated skill sets, on the other hand, refer to a more complicated array of attributes that are harder to discern through traditional hiring processes.

FIGURE 10
TOP CHALLENGES EMPLOYERS FACE IN THE HIRING PROCESS

What are the key challenges you face with hiring qualified candidates?



Source: Author's calculations using Parthenon-EY survey of hiring managers

To determine an individual's skill sets, employers consider prior work experience, grades, major, and prestige of school—all traditional inputs on a résumé. But résumés are noisy and highly imperfect signals of competence. The dearth of reliable indicators of skill has forced employers more squarely into the generalist “fit” approach, where they identify and evaluate softer skills like communication and hire prospective employees based more on subjective assessments of their general aptitude than on the specific skills they offer. This gap between the more general, traditional approach to recruiting and the specific skill needs of employers is at least a partial driver of the “skills gap” that employers regularly report. As figure 9 shows, the hiring managers we surveyed described a similar skills gap, which represents an opportunity for CBE programs.

A college diploma has always been a blunt indicator of skills; unless recruiters have a deep understanding of a specific school and a student's program transcripts, it is very difficult to develop clear maps of skill sets by type of degree, even with a close look at coursework. And

with the rise of applicants who do not fit a traditional mold, these questions become even more difficult.

Today, employers are open to evaluating sample work or portfolios, although (as we will show) these inputs are still typically less important than traditional indicators—especially the general fit criteria. As one hiring manager reported on the open-ended section of our survey:

Having worked with and hired many individuals, I find that experience and aptitude are far more important than which school one has attended or which degree one has obtained. I find myself more and more intrigued by those that prove they're capable of doing the job rather than those who simply brandish an education which may or may not be applicable to today's industry.

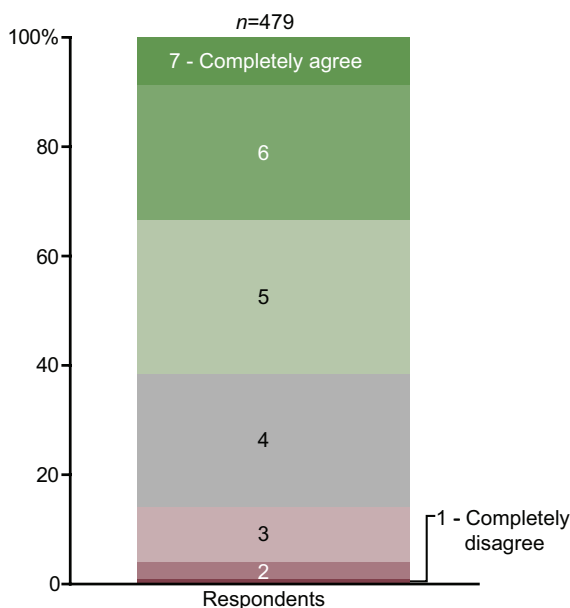
Increasingly, employers see potential value in better understanding the alignment of academics with the skills they seek in applicants—building out exactly the

kind of competency map that lies at the core of CBE programs. As such, CBE programs are uniquely positioned to convey an individual’s spectrum of skills more accurately than traditional degree programs.

This increasing openness to using new metrics in the hiring process is in some ways a response to a labor market in which it is increasingly difficult for individuals to differentiate themselves and demonstrate their skills. As figure 10 illustrates, employers today face a diverse array of challenges in the hiring process; no one issue garnered more than a quarter of all responses. The most commonly cited issue, with 24 percent of respondents, is “finding enough qualified applicants,” followed closely by “properly judging candidates’ qualifications.” Again, both of these issues could be readily addressed by CBE’s focus on the demonstrated mastery of specific skills.

FIGURE 11
**EMPLOYERS’ ABILITY TO EVALUATE CANDIDATES’
 LEVEL OF COMPETENCE FOR JOB SKILLS**

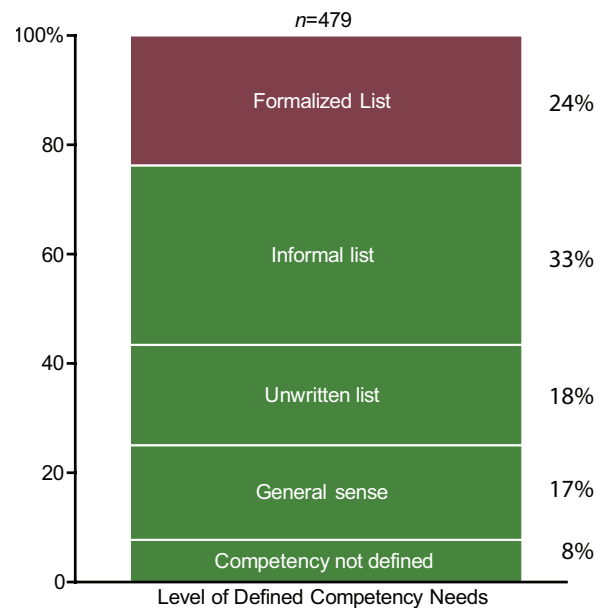
*To what extent do you agree or disagree with the following statement?
 “I am able to evaluate candidates’ level of competence for the job skills I need prior to making a hiring decision.”*



Note: Question was scored on a scale of 1–7, with 7 meaning “completely agree” and 1 meaning “completely disagree.”
 Source: Author’s calculations using Parthenon-EY survey of hiring managers.

FIGURE 12
**HAVE ORGANIZATIONS DEFINED COMPETENCIES
 REQUIRED TO BE SUCCESSFUL IN POSITIONS?**

Has your organization defined the competencies required to be successful in positions you hire for?

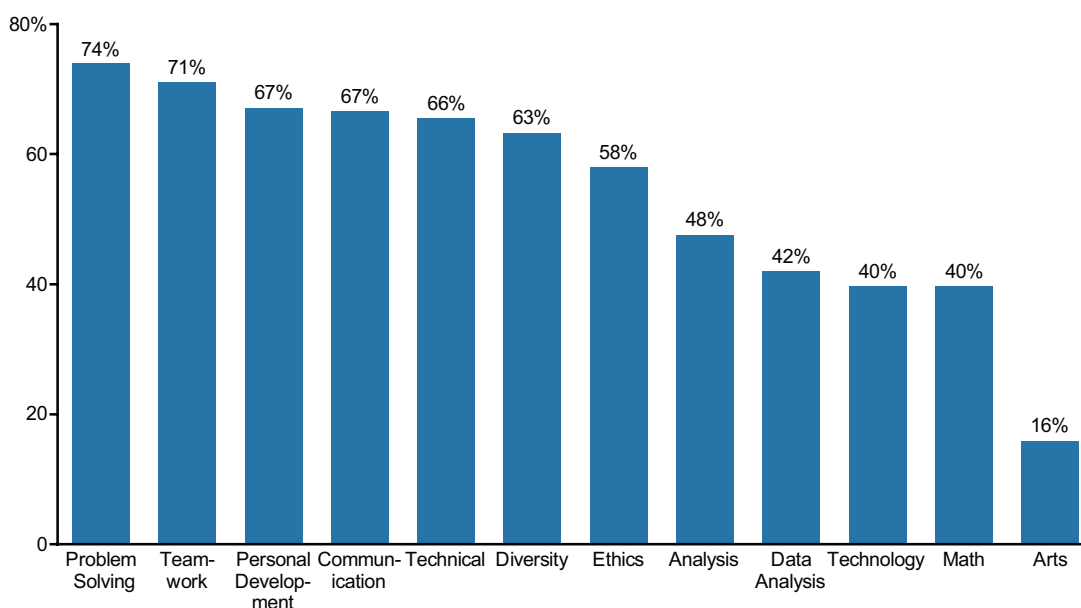


Source: Author’s calculations using Parthenon-EY survey of hiring managers.

The traditional approaches to recruiting present opportunities for CBE programs to demonstrate improved recruiting efficacy, giving employers the tools to better match student skills to the explicit requirements of an open position. Although employers largely feel comfortable with their ability to differentiate among candidates based on fit, they often admit to difficulties in differentiating based on demonstrated skill sets. As figure 11 shows, only one-third of employers agree that they are “able to evaluate candidates’ level of competence for the job skills I need prior to making a hiring decision,” rating a six or seven on a seven-point scale.

Ironically, although employers complain that they cannot find applicants with the skills they need, only a fraction report that they formally define those skills before hiring. Figure 12 shows that employers rarely define the skill set required to excel in a certain position; roughly 80 percent of respondents reported that

FIGURE 13
EMPLOYER PERSPECTIVES ON THE IMPORTANCE OF COMPETENCY AREAS



Note: Question was scored on a scale of 1–7, with 7 meaning “extremely important” and 1 meaning “not at all important.” Figure displays percentage reporting a 6 or 7 on the importance scale. $N=479$.

Source: Author’s calculations using Parthenon-EY survey of hiring managers.

their organization does not formally articulate or define the competencies required for a given role. If employers do not know or cannot define the specific skills prospective employees need, it is difficult or impossible for a student to demonstrate ability in that area. Furthermore, without a defined list, it is practically impossible for a CBE program to align program competencies with the targeted skills an employer needs. The relative inability to clearly link what employers claim to be looking for and the demonstrated skills of prospective employees is likely a prime contributor to the widely discussed “skills gap.”

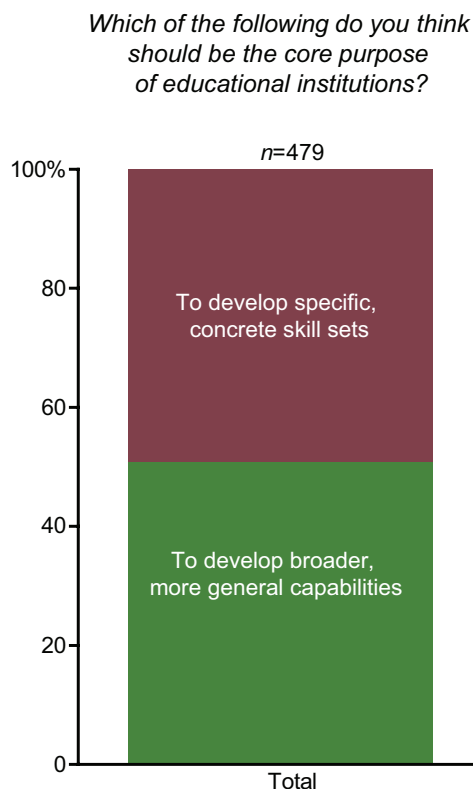
As hiring managers struggle to define or articulate the targeted skills or competencies required for specific roles, they resort to the traditional, general skills most easily identifiable through the recruiting process. This lack of articulation is evident in figure 13, which displays the importance that employers attach to various applicant characteristics. Employers ultimately place high importance on general skills such as problem solving, teamwork, and communication and less emphasis

on the specific, targeted skills required for a given job.

Oddly, employers do believe that postsecondary institutions should be developing (and articulating) specific, concrete skill sets in evaluating candidates, despite their inability to do so themselves. Figure 14 shows that about half of respondents thought that the “core purpose” of education institutions should be to develop specific, concrete skill sets. This becomes a circular logic problem: employers do not bother to define skills in part because they will be hard-pressed to validate whether applicants have those skills anyway, while programs have less incentive to define and measure specific competencies until employers do. Although both sides would benefit from more efficient matching, few on either side have been willing to take the first step.

Again, CBE programs offer a potentially dramatic improvement over this status quo. A skills-matching approach enabled through a CBE/employer partnership could be significantly more efficient than the current approach, in which employers compete over a limited set of “generalists.” In other words, CBE has

FIGURE 14
**HIRING MANAGERS' VIEWS ON THE CORE PURPOSE
 OF EDUCATIONAL INSTITUTIONS**



Source: Author's calculations using Parthenon-EY survey of hiring managers.

the potential to alter what has historically mattered to employers. As figure 15 illustrates, hiring managers report placing a tremendous amount of emphasis on the prior experience of potential employees in recruitment and selection. CBE programs offer employers the ability to evaluate prior experiences not just in the workforce, but also through academic courses of study.

It is also likely that employers typically see few alternatives to these traditional approaches and are frustrated by their inability to gauge applicant skills a priori. However, if they were better able to trust the specific skill sets that graduates of particular postsecondary programs come equipped with, then we believe employers would place much greater importance on demonstrated skill sets than they currently do. Instead of relying on the blunt signals of prior experience and paper credentials, firms could increasingly make hiring

decisions on the specific competencies indicated by an applicant's CBE curriculum.

A Path Forward for CBE: Opportunities and Challenges. The dearth of employer-articulated workplace competencies—like the lack of general CBE awareness—is both an opportunity and a challenge for competency-based programs. As we have argued from the start, as CBE programs continue to expand, they will need to better address the concerns of employers head-on to take full advantage of the significant opportunities to align their work with what firms need.

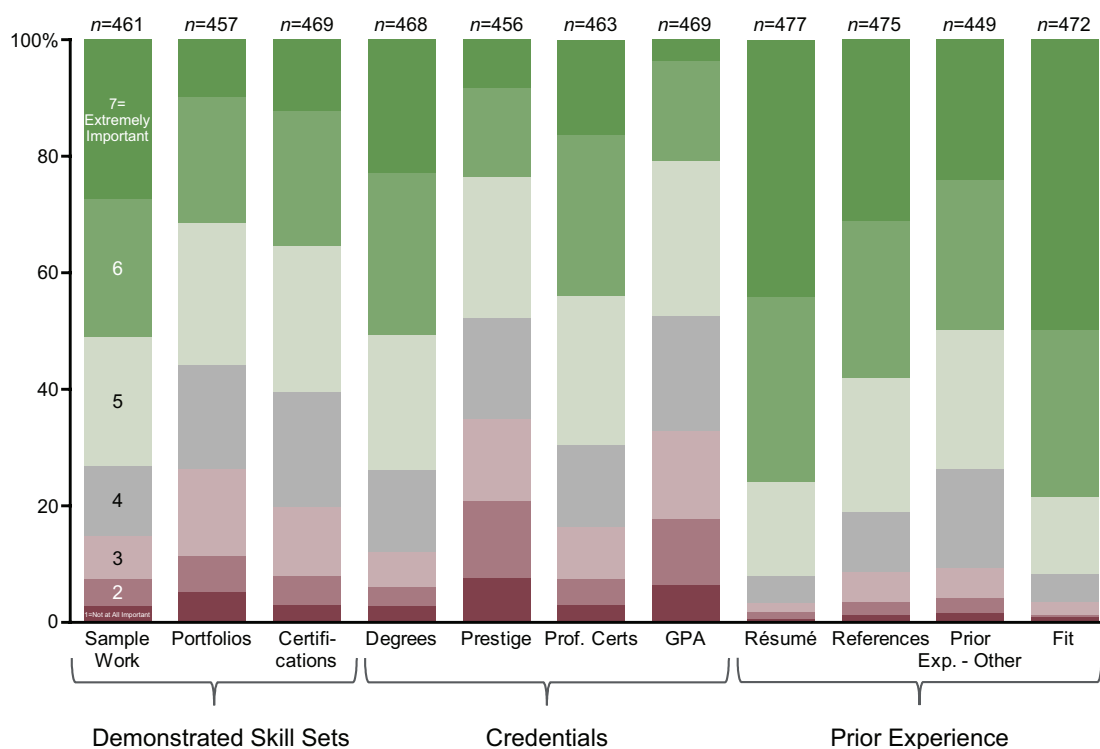
The good news for CBE programs is that employers in our sample expressed a strong willingness to collaborate. Across nearly all industries, we saw employers who were open and eager to engage with CBE institutions in formally established partnerships. In many cases, acceptance of the model was couched on the condition that CBE institutions work with employers to develop benchmarks. As one hiring manager put it: “Working directly with staff at educational institutions, we can be sure to match the demands of our company to the instruction the students are receiving. Nothing is more important than understanding the actual skills needed to be successful in a particular industry, rather than theoretical knowledge that doesn't pertain to anything.” The hiring managers we surveyed hope to utilize potential partnerships to collaborate on competency definition, program alignment and development, and ultimately recruiting efforts (including internships), all of which would directly benefit employers, CBE programs, and the student.

Such collaboration would enable CBE programs to offer a clear pathway to employment that is rare in traditional institutions. Formal partnership or collaboration between colleges and universities and employers is targeted at best. Many employer relationships stem from individual faculty members engaged in one-off research or consulting-based projects, or through a career services office that often struggles to connect academic experience to specific work-ready skills.

CBE programs have the potential to change this relationship, partnering with employers to help develop skills that students need to thrive in their chosen industry. Not only could employers help CBE programs prioritize and develop the skills that employers need, but

FIGURE 15
IMPORTANCE OF VARIOUS CRITERIA IN MAKING HIRING DECISIONS

Please rate the importance of the following criteria in making hiring decisions on a scale of 1 to 7:



Note: Question was scored on a scale of 1–7, with 7 meaning “extremely important” and 1 meaning “not at all important.” Variations in *n* are due to respondent use of hiring criteria; respondents were asked criteria importance only if using that criteria.
 Source: Author’s calculations using Parthenon-EY survey of hiring managers.

they could similarly help employers better define the competencies their employees need and, eventually, produce candidates with those targeted skills. As one respondent put it, “We like the idea of having a direct pipeline with new talent that we know has relevant qualifications, including both experiences and skills that match our needs.”

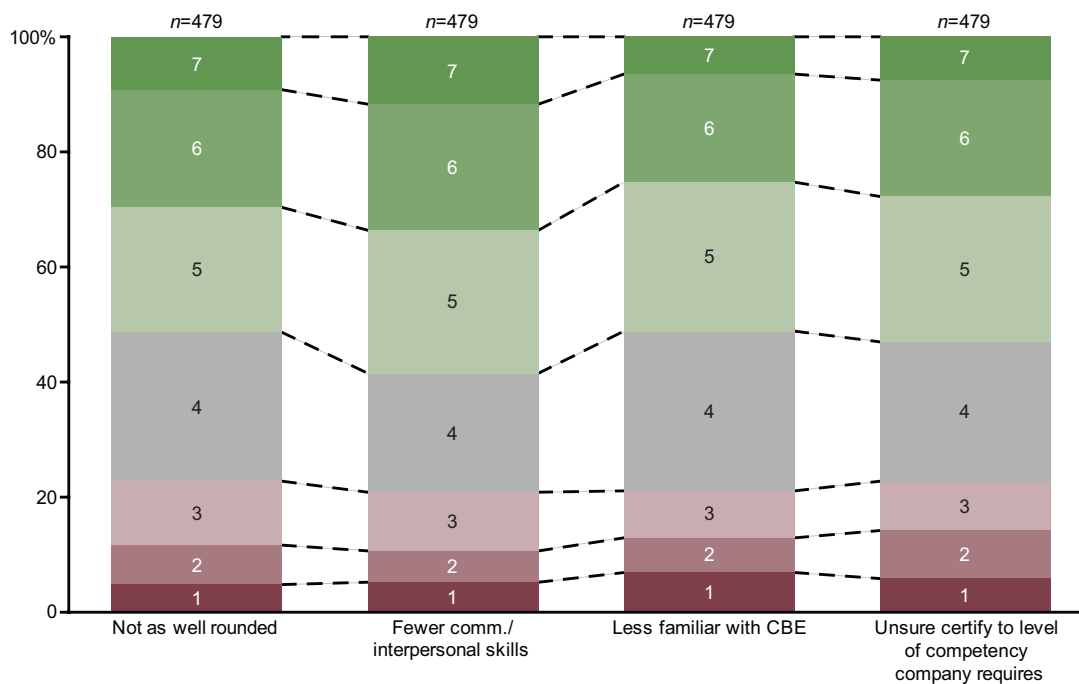
There are, of course, challenges to such collaboration. As figure 16 illustrates, employers reported a concern that CBE graduates will be less well-rounded or will have fewer interpersonal skills than graduates from more traditional education models. Although CBE programs do offer an improved means of delivering and measuring specific competencies, they must also address the general skills that are so ingrained in traditional approaches to recruiting and evaluating applicants.

Right or wrong, the hiring managers in our survey seemed to view a discrete skill set—like what is often taught in competency-based programs—as a necessary but insufficient part of a demonstrated skill set. Most employers want to see some set of general skills—interpersonal skills, ability to adapt, or abstract thinking—and express concerns that these general skills will not be adequately developed in a targeted CBE program. As one survey respondent put it, “Potential CBE graduates may not be as versatile and may not be able to hold various jobs throughout their life due to narrow scope of skill sets.”

Although there is no necessary tension between “specific” and “general” skills, the perception among employers is real. Hiring managers repeatedly reported that someone with a set of skills that are “too specific”

FIGURE 16
EMPLOYER CONCERNS ABOUT HIRING CBE GRADUATES

Please tell us how much of a concern the following risks of hiring CBE candidates would be to you.



Note: Question was scored on a scale of 1–7, with 7 meaning “extremely concerned” and 1 meaning “not at all concerned.”
 Source: Author’s calculations using Parthenon-EY survey of hiring managers.

may ultimately “lack the level of problem solving and analytical skills needed to think beyond the current competency.” As mentioned earlier, this perception may play into hiring managers’ reluctance to hire CBE graduates for more senior posts and may ultimately create a potential handicap for CBE graduates entering the labor market.

Given existing employer approaches to hiring that are, at least for the time being, less grounded in specific technical skills, CBE programs would be wise to counter the apparent concern that these programs are too targeted to inculcate the kind of general skills employers value.

CBE programs could address the requirement that their graduates have well-rounded problem-solving and personal-communication skills in a number of ways. First, many providers are already measuring competence in general skills like “thinking critically

to evaluate information and opinions” or “exhibiting self-awareness,” among many others. Highlighting these competencies, validating them, and—most important—marketing them as real outcomes of a competency-based education could go a long way toward correcting this misperception. Providers not currently focused on these competencies could also concentrate on developing and measuring these skills while students are enrolled. Alternatively, they could use a screen in the admission process (such as accepting only students who demonstrate these skills).

Of course, firms should also ask themselves if traditional four-year programs truly teach the general skills they seek or if these programs are simply more likely to select students who already have those competencies. Surveys of employers suggest that they are often disappointed in recent college graduates’ general

skills.⁵ Clearly, traditional higher education institutions struggle with some of the same employer reactions when it comes to preparing graduates for the world of work.

As employers become more aware of CBE programs—and gain experience with CBE graduates as applicants and new hires—these concerns will likely be mitigated. However, in the immediate term, these issues can be addressed by closer collaboration through partnerships, targeted messaging, and even specific curriculum and assessment directed at the kinds of general skills that employers value.

Conclusion

Our survey results suggest competency-based programs must acknowledge the potential for some of their strongest selling points—reduced time to degree, affordability, and increased flexibility—to affect employers' perceptions of the programs. In marketing themselves to students as “faster, cheaper, and more flexible,” CBE programs risk marginalizing a vital link in their compelling value proposition: the employers.

These programs do so at their peril, as into this void seeps confusion as well as misperception of the benefits CBE programs tout to prospective students. Instead of internalizing the student value propositions centered on lowering debt loads, increasing persistence toward graduation, and streamlining the time to degree, our national sample of hiring managers was generally unaware of competency-based programs or the benefits they could deliver for both students and employers. The good news is that awareness seems to breed support. But it also brings challenges; rather than focusing on CBE programs' ability to deliver applicants whose skills are tailored to employer needs (which employers see as valuable), hiring managers worry that this comes at the expense of the general skills that are so crucial to ultimate success on the job. Leaving these often-underinformed perceptions intact will cap the expansion of CBE opportunities and the model's relevance to a wider segment of students.

And yet, our survey suggests that employers are poised for engagement. As awareness increases,

acceptance and enthusiasm seem to follow closely. Interest in the potential for close collaboration remains high across a broad array of firms, with employers of all shapes and sizes embracing the chance to engage more deeply with the world of academia and seeing competency-based programs as a high-potential entry point to such partnerships.

Institutions offering CBE programs should embrace this opportunity, partnering closely with employers to bridge the traditional divide between academia and the labor market. Such partnerships can help create common ground to examine, define, and better articulate programs and competencies, a process that will provide students with the general and specific skills needed to succeed in the labor market without breaking the bank. That is a value proposition that is tough to beat.

Notes

1. Online survey conducted by Parthenon-EY, September 24–30, 2014.

2. Accuracy reasons include responding with the same answer to every question, finishing the survey impossibly quickly, or answering in an easily recognizable pattern (for example, A then B then C then A).

3. Neither figure is statistically significant at the 10 percent level. States not represented are Mississippi, Idaho, Hawaii, Rhode Island, South Dakota, North Dakota, and Vermont.

4. Capella University, “FlexPath Self-Paced Learning,” www.capella.edu/flexpath-self-paced-learning/.

5. Scott Jaschik, “Well-Prepared in Their Own Eyes,” *InsideHigherEd*, January 20, 2015, www.insidehighered.com/news/2015/01/20/study-finds-big-gaps-between-student-and-employer-perceptions.

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